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**From:** Paul Hughes [mailto:phughes@greenvillefcu.com]  
**Sent:** Monday, May 05, 2008 10:53 AM  
**To:** \_Regulatory Comments  
**Subject:** Part 706 Commentary

Dear NCUA Board Members:

Our objection to the proposed rule centers on the provision for overdraft charges not to occur if the overdraft is caused by a hold on a debit card transaction. Our credit union follows all other tenets of the proposed rule and we have no objection to the rest of the NCUA's proposal.

In 2007, our credit union processed 673,000 debit card transactions. Many merchants send authorization holds for more than the amount. An example would be a restaurant leaving a tip amount or a gas station holding a set amount, such as \$75, when a consumer pays at the pump. There is no process for electronically monitoring this situation through our current data processing provider. Authorization holds that are processed through our system may be posted as much as two days later. Debit card processing is done through a third party, so the process is not entirely in our control. The objections to the rule are as follows:

1. This will result in an incredible burden for our back office staff. A process that is fully automated will now become manual. This will be very costly, time consuming, and borders on impossible.
2. The unintended consequence may be more overdraft charges as unpaid debit card items will take the account into the negative after checks and ACH items are paid before the debit card transaction is presented. Our members clear most of their items through POS transactions rather than check or ACH, and these smaller amounts may be more costly to the member in the long run.
3. Uncollected debit card losses that may result from this rule change may negatively impact earnings.

I hope the Board will reconsider this portion of the proposed rule. Although I understand the focus of the NCUA, our credit union continues to refund overdraft fees in the situations outlined above. I feel strongly that most credit unions put their member's interest first before income. This portion of the proposed rule is unnecessary for our credit union and totally unmanageable for all credit unions.

Thank you.

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